

CITY OF HULL

INDEPENDENT AUDITOR'S REPORTS

BASIC FINANCIAL STATEMENTS

SUPPLEMENTARY AND OTHER INFORMATION

SCHEDULE OF FINDINGS

June 30, 2014

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City of Hull

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Roger Vis	Mayor	Dec 2015
Mike Broek	Council Member	Dec 2015
Eric Rankin	Council Member	Dec 2017
Ethan Vaas	Council Member	Dec 2017
Joel Leusink	Council Member	Dec 2017
Roger Buys	Council Member	Dec 2015
Aaron Kooiker	City Administrator	Indefinite
Dwayne Bonestroo	Dep. Clerk/Treasurer	Indefinite
DeKoster & DeKoster	Attorney	Indefinite

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Hull, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Hull, Iowa as of June 30, 2014, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

### Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### Other Matters

#### *Supplementary and Other Information*

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Hull's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2013 (which are not presented herein) and expressed modified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 6 through 12 and 24 through 25 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2015 on our consideration of City of Hull's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Hull's internal control over financial reporting and compliance.

*Kroese & Kroese, P.C.*

Le Mars, Iowa  
January 8, 2015

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## **MANGEMENTS DISCUSSION AND ANALYSIS**

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The City of Hull provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2014 FINANCIAL HIGHLIGHTS**

- The cash basis net assets of the City's governmental activities increased \$183,818, due primarily to and spending for building and street construction.
- The cash basis net assets of the City's business type activities increased \$105,157.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water and sewer systems. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Funds, 2) the Special Revenue Funds, such as Road use Tax and Local Option Sales Tax, 3) the Debt Service Funds and 4) the Capital Projects Fund.

The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.



The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City.

The required financial statement for the proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increased from \$768,127 to \$951,945. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities	
	Year ended June 30, 2014
Program receipts:	
Charges for service	\$ 129,153
General receipts:	
Property tax	662,219
TIF revenues	913,347
Local option sales tax	245,364
Unrestricted interest on investments	1,194
Other general receipts and other financing resources	<u>2,325,722</u>
Total receipts	<u>4,276,999</u>
Disbursements:	
Public safety	308,507
Public works	237,112
Culture and recreation	462,484
Community and economic development	449,780
General government	232,399
Debt service	528,913
Capital projects	<u>1,873,986</u>
Total disbursements	<u>4,093,181</u>
Increase in cash basis net assets	183,818
Cash basis net assets beginning of year	<u>768,127</u>
Cash basis net assets end of year	<u>\$ 951,945</u>

Changes in Cash Basis Net Assets Business Type Activities	
	Year ended June 30, 2014
Receipts:	
Program receipts:	
Charges for service:	
Solid Waste	\$ 254,993
Water	557,079
Sewer	<u>313,530</u>
Total receipts	<u>1,125,602</u>
<u>Disbursements:</u>	
Solid waste	216,365
Water	620,953
Sewer	<u>277,134</u>
Total disbursements	<u>1,114,452</u>
Increase in cash basis net assets	11,150
Other revenue and financing activities	94,007
Cash basis net assets beginning of year	<u>463,396</u>
Cash basis net assets end of year	<u>\$ 568,553</u>

#### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Hull completed the year, its governmental funds reported a combined fund balance of \$951,945, an increase of \$183,818 over last year's total of \$768,127. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Funds cash balance decreased \$42,437 over the prior year to \$84,916. The decrease is, in part, due to increased spending during fiscal year 2014.
- The TIF Revenue cash balance increased to \$657,055 during the fiscal year.

## INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$1,976 to \$328,262.
- The Sewer Fund cash balance increased \$60,953 to \$134,740, due primarily to increased receipts during the fiscal year.

## BUDGETRY HIGHLIGHTS

In March, 2014 the City did amend its budget. The City did not exceed the amount budgeted in the public safety, culture and recreation, general government and business type activities functions.

## DEBT ADMINISTRATION

At June 30, 2014, the City had \$4,914,083 in outstanding notes and other long-term debt outstanding, compared to \$5,400,057 last year, as shown below.

Outstanding Debt at Year-end		
	June 30,	
	2014	2013
TIF Bonds	\$950,148	\$1,373,426
General obligation bonds	3,242,435	3,191,881
Water Improvements	370,000	410,000
Sewer Improvements	289,000	331,000
Solid Waste Improvements	<u>62,500</u>	<u>93,750</u>
Total	<u>\$4,914,083</u>	<u>\$5,400,057</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$3,242,435 is well below its constitutional debt limit of \$5,638,924.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dwayne Bonestroo, Deputy City Clerk PO Box 816, Hull, Iowa 51239-0816.

## **Basic Financial Statements**

City of Hull

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2014

	Program Receipts			
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 308,507	\$ 60,275	\$ 24,329	
Public works	237,112			
Culture and recreation	462,484	68,878		
Community and economic development	449,780			
General government	232,399			
Debt service	528,913			
Capital projects	<u>1,873,986</u>			<u>\$1,873,986</u>
Total governmental activities	<u>4,093,181</u>	<u>129,153</u>	<u>24,239</u>	<u>1,873,986</u>
Business type activities:				
Solid Waste	216,365	254,993		
Water	620,953	557,079		
Sewer	<u>277,134</u>	<u>313,530</u>		
Total business type activities	<u>1,114,452</u>	<u>1,125,602</u>		
Total	<u>5,207,633</u>	<u>1,254,755</u>	<u>24,239</u>	<u>1,873,986</u>
<b>General Receipts:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax Increment Financing				
Other city taxes				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Financing				
Total general receipts				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
<b>Cash Basis Net Position</b>				
Restricted:				
Debt service				
Sinking Fund				
Unrestricted				
<b>Total cash basis net position</b>				
See notes to financial statements.				

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
\$ 223,903		\$ 223,903
237,112		237,112
393,606		393,606
449,780		449,780
232,399		232,399
528,913		528,913
<u>2,065,713</u>		<u>2,065,713</u>
	\$(38,628)	\$(38,628)
	63,874	63,874
	<u>(36,396)</u>	<u>(36,396)</u>
	<u>(11,150)</u>	<u>(11,150)</u>
	<u>(11,150)</u>	<u>(11,150)</u>
662,219		662,219
218,962		218,962
913,347		913,347
2,059		2,059
243,305		243,305
1,194		1,194
	116,307	116,307
<u>208,445</u>		<u>208,445</u>
<u>2,249,531</u>	<u>116,307</u>	<u>2,365,838</u>
183,818	105,157	288,975
<u>768,127</u>	<u>463,396</u>	<u>1,231,523</u>
<u>\$ 951,945</u>	<u>\$ 568,553</u>	<u>\$1,520,498</u>
18,134		18,134
	6,000	6,000
<u>933,811</u>	<u>562,553</u>	<u>1,496,364</u>
<u>\$ 951,945</u>	<u>\$ 568,553</u>	<u>\$1,520,498</u>



City of Hull  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2014

	General	Special Revenue Tax Investment Financing
Receipts:		
Property tax	\$ 395,473	
Tax Increment Financing		\$913,347
Other city tax	1,434	
Licenses and permits	121,600	
Use of money and property	15,661	
Intergovernmental	82,625	
Charges for service	125,519	
Special Assessments		
Miscellaneous	<u>21,416</u>	
Total receipts	<u>763,728</u>	<u>913,347</u>
Disbursements:		
Operating:		
Public safety	308,507	
Public works	13,719	8,408
Culture and recreation	394,743	
Community and economic development	15,884	433,896
General government	217,137	
Debt service		
Capital Project		
Total disbursements	<u>(949,990)</u>	<u>442,304</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(186,262)</u>	<u>471,043</u>
Other financing sources (uses):		
Operating transfers in	243,305	
Operating transfers out	<u>(99,481)</u>	<u>(226,939)</u>
Total other financing sources (uses)	<u>143,824</u>	<u>(226,939)</u>
Changes in cash balances	(42,438)	244,104
Cash balances beginning of year	<u>127,353</u>	<u>412,951</u>
Cash balances end of year	<u>\$ 84,915</u>	<u>\$657,055</u>
<b>Cash Basis net position</b>		
Restricted for debt service		
Unassigned:		
General fund	84,915	
Special revenue funds		\$657,055
Capital projects fund		
Total cash basis net position	<u>\$ 84,915</u>	<u>\$657,055</u>

See notes to financial statements.

Debt Service	Nonmajor	Total
\$218,962	\$ 47,784	\$662,219
		913,347
452	243,478	245,364
		121,600
195	583	16,439
	261,319	343,944
	3,634	129,153
331		331
	1,061,340	1,082,756
219,940	1,618,138	3,515,153
		308,507
	214,985	237,112
	67,741	462,484
		449,780
	15,262	232,399
528,913		528,913
	1,873,986	1,873,986
528,913	2,171,974	4,093,181
(308,973)	(553,836)	(578,028)
310,318	777,948	1,331,571
	(243,305)	(569,725)
310,318	534,643	761,846
1,345	(19,193)	183,818
16,789	211,034	768,127
\$18,134	\$191,841	\$951,945
\$18,134		\$18,134
		84,915
	256,477	913,531
	(64,636)	(64,636)
\$ 18,134	\$ 191,841	\$951,945

## City of Hull

Statement of Cash Receipts, Disbursements  
And Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2014

	Enterprise				
	Water	Sewer	Solid Waste	Utility Dept.	Total
Operating receipts:					
Charges for service	\$ 557,079	\$ 313,530	\$254,993		\$ 1,125,602
Miscellaneous	<u>65,849</u>	<u>24,557</u>	<u>2,524</u>	<u>\$ 1,077</u>	<u>94,007</u>
Total operating receipts	622,928	338,087	257,517	1,077	1,219,609
Operating disbursements:					
Business type activities	<u>620,953</u>	<u>277,134</u>	<u>216,365</u>	<u>      </u>	<u>1,114,452</u>
Change in cash balances	1,975	60,953	41,152	1,077	105,157
Cash balances beginning of year	<u>332,286</u>	<u>73,787</u>	<u>42,924</u>	<u>14,398</u>	<u>463,395</u>
Cash balances end of year	<u>334,261</u>	<u>134,740</u>	<u>84,076</u>	<u>15,475</u>	<u>568,552</u>
<b>Cash Basis Fund Balances</b>					
Reserved for sinking fund	6,000				6,000
Unrestricted	<u>328,261</u>	<u>134,740</u>	<u>84,076</u>	<u>15,475</u>	<u>562,552</u>
Total cash basis fund balances	<u>\$ 334,261</u>	<u>\$ 134,740</u>	<u>\$ 84,076</u>	<u>\$ 15,475</u>	<u>\$568,552</u>

See notes to financial statements

City of Hull

Notes to Financial Statements

June 30, 2014

**(1) Summary of Significant Accounting Policies**

The City of Hull is a political subdivision of the State of Iowa located in Sioux County. It was first incorporated in 1835 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, City of Hull has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

The City has no component units which meet the Governmental Accounting Standards Board criteria.

**Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Northwest Area Solid Waste Agency, Sioux County Communications Commission, Lewis and Clark Rural Water Systems and Northwest Iowa Housing Commission.

City of Hull

Notes to Financial Statements

June 30, 2014

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories:

*Nonspendable net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

City of Hull

Notes to Financial Statements

June 30, 2014

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Hull maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

City of Hull

Notes to Financial Statements

June 30, 2014

Under the terms grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by generally receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**D. Governmental Cash Basis Net Position:**

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Non-spendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Council intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted.

City of Hull  
Notes to Financial Statements  
June 30, 2014

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants of improvement certificates of a drainage district.



City of Hull

Notes to Financial Statements

June 30, 2014

**(3) Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation bonds, urban renewal tax increment financing revenue bonds and revenue notes are as follows:

Year Ending June 30,	General Obligation		Urban Renewal Tax Increment Financing		Revenue Notes		Total	
	Bonds		Revenue Bonds					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 439,867	80,477	420,857	5,324	115,250	21,185	975,974	106,986
2016	315,150	76,015	428,540	2,532	116,250	18,755	859,940	97,302
2017	245,472	71,698	76,333	204	92,000	16,058	413,805	87,960
2018	115,801	66,843	24,418		94,000	13,323	234,219	80,166
2019	121,152	62,983			96,000	10,553	217,152	73,536
2020-2024	976,781	244,001			208,000	14,787	1,184,781	258,788
2025-2029	558,212	125,778					558,212	125,778
2030-2031	470,000	18,095					470,000	18,095
Total	\$ 3,242,435	745,890	950,148	8,060	721,500	94,661	4,914,083	848,611

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

Urban Renewal Tax Increment Financing Revenue Bonds

The City issued \$1,719,230 of urban renewal tax increment financing (TIF) revenue bonds in December 2011 for the purpose of defraying a portion of the costs of various construction and refurbishing projects within the urban renewal district. The bonds are payable solely from the TIF receipts generated by increased property values in the City's TIF district and credited to the Special Revenue, Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Total principal and interest remaining on the bonds is \$950,148, payable through June 2017. For the current year, interest paid and total TIF receipt was \$10,585 and \$913,347, respectively.

City of Hull

Notes to Financial Statements

June 30, 2014

Revenue Notes

The City has pledged future water customer receipts, net of specified operation disbursements, to repay \$610,000 of water revenue notes issued in May 2007. Proceeds from the notes provided financing for the construction of water main extension. The notes are payable solely from water customer net receipts and are payable through 2022. Annual principal and interest payments on the notes are expected to require less than 80% of net receipts. The total principal and interest remaining to be paid on the notes is \$370,000. For the current year, principal and interest paid and total customer net receipts were \$57,538 and \$557,079, respectively.

The City pledged future sewer customer receipts, net of specified operating disbursements, to repay \$750,000 of sewer revenue notes issued in November 2000. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2020. Annual principal and interest payments on the notes are expected to require less than 25% of net receipts. The total principal and interest remaining to be paid on the notes is \$289,000. For the current year, principal and interest paid and total customer net receipts were \$47,793 and \$313,530, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.

**(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

## City of Hall

### Notes to Financial Statements

June 30, 2014

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2014 and 2013 was \$38,506 and \$31,506, equal to the required contribution for the year.

The City does not have any postemployment benefits for city employees.

#### **(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2014, primarily relating to the General Fund, is \$12,370. This liability has been computed based on rates of pay in effect at June 30, 2014.

#### **(6) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the year ended June 30, 2014.

#### **(7) Related Party Transactions**

The City had no business transactions between City and City officials.

#### **(8) Deficit net position**

The Capital Projects fund has a deficit balance. The deficit balance was a result cost in excess of budgeted amounts. The deficits will be eliminated with receipts of property assessments.

City of Hall

Notes to Financial Statements

June 30, 2014

**(9) Subsequent Events**

The City is continuing construction of sewer improvements funded by issuance of \$2,415,000 in State Revolving Loan bonds and \$500,000 additional from CDBG funding. As of January 8, 2015 no other significant subsequent events have occurred.

**(10) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

**City of Hull**

## Other Information

City of Hull

Budgetary Comparison Schedule  
Of Receipts, Disbursements, and Changes in Balances –  
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 662,219	
Tax increment financing	913,347	
Other City tax	245,364	
Licenses and permits	121,600	\$ 1,350
Use of money and property	16,439	1,503
Intergovernmental	343,944	
Charges for service	129,153	1,125,602
Special assessments	331	
Miscellaneous	1,082,756	91,154
Other financing source	<u>1,331,571</u>	
Total receipts	<u>4,846,724</u>	<u>1,219,609</u>
Disbursements:		
Public safety	308,507	
Public works	237,112	
Culture and recreation	462,484	
Community and economic development	449,780	
General government	232,399	
Debt service	528,913	
Capital projects	1,873,986	
Business type activities		<u>1,114,452</u>
Total disbursements	<u>4,093,181</u>	<u>1,114,452</u>
Other financing uses, including transfers out	<u>(569,725)</u>	
Excess (deficiency) of receipts		
Over (under) disbursements	183,818	105,157
Balances beginning of year	<u>768,127</u>	<u>463,396</u>
Balances end of year	<u>\$ 951,945</u>	<u>\$ 568,553</u>

See accompanying independent auditor's report.

Total	<u>Budgeted Amounts</u>		Final to
	Original	Final	Total Variance
\$ 662,219	\$ 651,013	\$ 651,013	\$ 11,206
913,347	918,032	918,032	(4,685)
245,364	272,733	272,733	(27,369)
122,950	99,268	99,950	23,000
17,942	19,500	19,000	(1,058)
343,944	265,901	835,164	(491,220)
1,254,755	1,302,200	1,322,600	(67,845)
331			331
1,173,910	87,000	3,482,686	(2,308,776)
<u>1,331,571</u>	<u>5,054,015</u>	<u>1,132,017</u>	<u>199,554</u>
<u>6,066,333</u>	<u>8,669,662</u>	<u>8,733,185</u>	<u>(2,666,862)</u>
308,507	325,605	332,745	(24,238)
237,112	458,113	269,648	(32,536)
462,484	414,803	475,588	(13,104)
449,780	441,900	451,900	(2,120)
232,399	238,048	238,218	(5,819)
528,913	572,729	572,729	(43,816)
1,873,986	4,700,000	4,542,215	(2,668,229)
<u>1,114,452</u>	<u>954,864</u>	<u>1,235,377</u>	<u>(120,925)</u>
<u>5,207,633</u>	<u>9,106,062</u>	<u>8,118,420</u>	<u>(2,910,787)</u>
<u>(569,725)</u>	<u>(354,015)</u>	<u>(370,117)</u>	<u>199,608</u>
288,975	209,585	244,658	44,317
<u>1,231,523</u>	<u>906,654</u>	<u>1,231,523</u>	
<u>\$ 1,520,498</u>	<u>\$ 1,116,239</u>	<u>\$1,476,181</u>	<u>\$ 44,317</u>



City of Hull

Notes to Other Information – Budgetary Reporting

June 30, 2014

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. The City did amend its budget during the year ended June 30, 2014, which increased disbursements by \$12,358. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted.

## **Supplementary Information**

City of Hull

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2014

	Special Revenue		
	Employee	Road	
	Benefits	Use	Fund
		Tax	
Receipts:			
Property tax	\$47,784		
Other city tax	173	\$217,182	
Miscellaneous	22		\$26,014
	<u>47,979</u>	<u>217,182</u>	<u>26,014</u>
Disbursements:			
Operating			
Public safety	14,651	200,335	4,000
Public works			
Culture and recreation	27,678		36,062
General government	15,262		
Capital projects			
Total disbursements	<u>57,591</u>	<u>200,335</u>	<u>40,062</u>
Change in cash balances	(9612)	16,847	(14,408)
Cash balances beginning of year	<u>49,339</u>	<u>50,773</u>	<u>147,618</u>
Other financing sources, net			15,560
Cash balances end of year	<u>39,727</u>	<u>67,620</u>	<u>149,130</u>
<b>Cash Basis Fund Balances</b>			
Restricted for Streets		67,620	
Unassigned:			
Special revenue funds	39,727		149,130
Capital projects fund			
Total cash basis fund balances	<u>\$39,727</u>	<u>\$67,620</u>	<u>\$149,130</u>

See accompanying independent auditor's report.

Schedule 1

<u>Capital Projects</u>		
<u>Street Construction</u>	<u>Building Construction</u>	<u>Total</u>
		\$ 47,784
		217,355
\$996,000	\$ 40,711	1,062,747
996,000	40,711	1,327,886
		218,986
		63,740
		15,262
\$748,427	61,573	810,000
748,427	61,573	1,107,988
247,593	(20,862)	219,898
307	(37,003)	211,034
		15,560
247,830	(57,865)	446,492
247,830		315,450
		118,857
	(57,865)	(57,865)
\$ 247,830	\$(57,865)	\$446,492

City of Hull

Schedule of Indebtedness

Year ended June 30, 2014

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
2006 Street/sewer improvement	Jul 1, 2006	3.85 to 4.4%	\$ 510,000
Park/Pool	Oct 27, 2011	.50 to 3.85	2,500,000
2011 Street refunding	Oct 27, 2011	.50 to 1.20	780,000
2011-12 Street	Oct 27, 2011	.50 to 1.20	300,000
2013 Golf Issue	Jan 14, 2013	5.95	80,778
2013 Street	Sept 15, 2013	2-2.9	765,000
Total			
TIF Bonds			
TIF agreement	Dec 1, 2011	0%	\$1,290,000
Water	Aug 27, 2012	4	334,230
Water (Aspen street line)	Dec 1, 2011	0	95,000
Total			
Revenue notes:			
2007 L & C Water	May 1, 2007	3.85 to 4.4%	\$ 610,000
2000 Lagoon Sewer	Nov 8, 2000	1.75	750,000
2013 Garbage	Jul 19, 2012	0	125,000
Total			

See accompanying independent auditor's report.

Schedule 2

Balance Beginning of year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 280,000		\$280,000		\$ 4,039
2,295,000		110,000	\$2,185,000	61,759
360,000		170,000	190,000	3,215
180,000		60,000	120,000	1,768
76,881		4,446	72,435	4,790
	\$765,000	90,000	675,000	12,171
<u>\$3,191,881</u>	<u>\$765,000</u>	<u>\$714,446</u>	<u>\$3,424,435</u>	<u>\$87,742</u>
\$1,005,000		\$340,000	\$665,000	\$ 0
293,427		63,279	230,148	10,585
75,000		20,000	55,000	0
<u>\$1,373,427</u>		<u>\$423,279</u>	<u>\$950,148</u>	<u>\$10,585</u>
\$410,000		\$40,000	\$370,000	\$17,538
331,000		42,000	289,000	5,793
93,750		31,250	62,500	250
<u>\$834,750</u>		<u>\$113,250</u>	<u>\$721,500</u>	<u>\$23,581</u>

City of Hull  
Bond and Note Maturities  
June 30, 2014

General Obligation Bonds						
Year Ending June 30,	<u>2011 Refunding</u> <u>Issued Oct 27, 2011</u>		<u>2013 Golf Course</u>		<u>2011 Park/Pool</u> <u>Issued Oct 27, 2011</u>	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	1.00%	170,000	5.95%	4,867	1.00	110,000
2016	1.20	20,000	5.95	5,150	1.20	110,000
2017			5.95	5,472	1.45	110,000
2018			5.95	5,801	1.75	115,000
2019			5.95	6,152	1.75	115,000
2020-2024			5.95	36,781	Var	610,000
2025-2029			5.95	8,212	Var	550,000
2030-2031					3.85	470,000
Total		<u>\$ 190,000</u>		<u>\$72,435</u>		<u>\$2,190,000</u>

Revenue Notes						
Year Ending June 30,	<u>Water</u> <u>Issued May 1, 2007</u>		<u>Sewer</u> <u>Issued Nov8, 2000</u>		<u>Garbage</u> <u>Issued Jul 19, 2012</u>	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	4.15%	40,000	1.75%	44,000	1%	31,250
2016	4.15	40,000	1.75	45,000	1%	31,250
2017	4.25	45,000	1.75	47,000		
2018	4.25	45,000	1.75	49,000		
Thereafter	4.25	45,000	1.75	51,000		
2020-2024	4.40	<u>155,000</u>	1.75	<u>53,000</u>		
Total		<u>\$370,000</u>		<u>\$289,000</u>		<u>\$62,500</u>

See accompanying independent auditor's reports.

### Schedule 3

[illegible]

## TIF Debt

[illegible]



City of Hull

Schedule of Receipts by Source and Disbursements by Function -  
All Governmental Funds

For the Last Four Years

	2014	2013	2012	2011
Receipts:				
Property tax	\$662,219	\$705,868	\$634,747	\$625,336
Tax increment financing	913,347	707,584	711,514	665,535
Other city tax	245,364	254,726	232,564	219,283
Licenses and permits	121,600	103,286	47,497	15,788
Use of money and property	16,439	15,081	19,128	18,098
Intergovernmental	343,944	365,874	280,754	262,863
Charges for service	129,153	147,845	248,135	214,943
Special assessments	331	772	6,868	9,089
Miscellaneous	1,082,756	63,092	584,436	37,680
Other financing source	<u>1,331,571</u>	<u>774,843</u>	<u>4,131,673</u>	<u>523,548</u>
Total	<u>\$4,846,724</u>	<u>\$3,138,971</u>	<u>\$6,897,316</u>	<u>\$2,592,163</u>
Disbursements:				
Operating:				
Public safety	\$308,507	\$311,732	\$313,434	\$311,160
Public works	237,112	317,633	307,280	337,974
Culture and recreation	462,484	399,379	342,144	323,122
Community and economic development	449,780	444,000	374,447	181,760
General government	232,399	231,910	291,661	200,918
Debt service	528,913	578,140	665,625	546,055
Capital projects	<u>1,873,986</u>	<u>762,197</u>	<u>3,505,844</u>	<u>8,171</u>
Total	<u>\$4,093,181</u>	<u>\$3,044,991</u>	<u>\$5,800,435</u>	<u>\$1909160</u>

See accompanying independent auditor's report.

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Hull, Iowa, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 8, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. general accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Hull's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Hull's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Hull's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Hull's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as items II-A-14 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. No such deficiencies were noted.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Hull's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of or tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### City of Hull's Responses to Findings

City of Hull's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. City of Hull's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Hull during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Kroese & Kroese, P.C.*

Le Mars, Iowa  
January 8, 2015

City of Hull

Schedule of Findings

Year ended June 30, 2014

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

City of Hull

Schedule of Findings

Year ended June 30, 2014

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-(A)-14 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. Generally, one person has control over each of the following areas:

- (1) Cash – reconciling bank accounts, initiating cash receipts and disbursement transactions and handling and recording cash.
- (2) Receipts – collecting, depositing, journalizing and posting.
- (3) Utility receipts – billing, collecting, depositing, posting and reconciling.
- (4) Disbursements – purchasing, check signing, recording and reconciling.
- (5) Payroll – preparing and distributing.
- (6) Transfers – recording and reconciling
- (7) Financial reporting – preparing, reconciling and distributing.
- (8) Accounting system – performing all general accounting functions and having custody of City assets.
- (9) Information system (computer usage) – performing all general accounting functions and controlling all data input and output.

Recommendation – we realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Evidence of review of reconciliations should be indicated by initials of the independent reviewer and the date of the review.

Response – The Council will become more involved on committees and will review reports for approval prior to Council meetings.

Conclusion – Response accepted.

City of Hull

Schedule of Findings

Year ended June 30, 2014

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Hull

Schedule of Findings

Year ended June 30, 2014

**Part IV: Findings Related to Required Statutory Reporting:**

- IV-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.
- IV-B-14 Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-14 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-14 Business Transactions – No business transactions between the City and City officials or employees were noted.
- IV-E-14 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- IV-F-14 Council Minutes – No transactions were found which we believe should have been approved in the Council minutes but were not.
- IV-G-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-H-14 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolution were noted.
- IV-I-14 Annual Financial Report – The City did file the annual financial report for the fiscal year ended June 30, 2014. Chapter 384.22 of the Code of Iowa requires the report be filed with the Auditor of State not later than December 1 of each year.
- IV-J-15 Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.



City of Hull

Staff

This audit was performed by:

Rex E. Knapp, CPA, Partner  
Robert J. Kroese, CPA, Partner

